

Reviews of the Federated States of Micronesia and Guam are not included in this issue because of circumstances beyond our control.

BELAU

Belau's political status issue, campaigning for primary and general elections, allegations regarding the assassination of former President Haruo Remeliik, significant court cases, and a visit of the United Nations Trusteeship Council team to Belau were the major events of 1991-92.

The situation of Belau's political status was virtually intractable during the period under review. A seven-member Belau Working Group, asked to identify with US officials problematic areas of the compact for possible renegotiation, issued its report to President Etpison and leaders of the *Olbiil Era Kelulau* (OEK, Palau National Congress) in August 1991. After discussions with US Ambassador James Wilkinson in Belau, the working group concluded: (1) the United States will not agree to separate its defense and security obligations from the compact agreement. (2) The United States had modified its position on the military land issue; Palau should identify and designate specific land areas that it is willing to give up for United States military use or options for use; compensation would be provided, and those lands would be committed for fifty years, together with denial rights for the United States. (3) Belau should negotiate a reduction of the compact's dura-

tion from fifty to fifteen years, but without a reduction of the US\$70 million trust fund. (4) Belau should negotiate to retain eligibility for federally funded programs, most-favored-nation trading status, authority to arrange air route agreements with Asian and Pacific countries, and technical assistance for improving Belau's telecommunications system.

President Etpison and the congress leaders wrote to the US secretary of state regarding these issues in October 1991. In November the US State Department liaison officer in Koror, Lloyd Moss, responded by noting that Belau's proposals would be reviewed on an interagency basis and that the United States would not favor changes to the compact before an amendment to the Belau constitution. Moss further stated that the United States had not changed its "neither confirm nor deny" policy regarding nuclear-armed military ships and aircraft.

In the meantime, political activists supporting President Etpison launched a petition drive to amend Belau's constitution to allow approval of the compact by a simple majority vote. This initiative, provided for by Article 14 of the constitution, generated some 3300 signatures in support and was submitted to Belau's leadership in April 1992. In September 1991 the House of Delegates of the OEK had authored a bill providing for such an amendment referendum, but the Senate did not respond to the House's effort to move the status issue. In late April 1992, President Etpison transmitted to the

senators a proposed bill for a referendum. Again, the Senate did not respond. Finally, in mid-May, Etpison promulgated Executive Order 111, providing funds and procedures for a constitutional amendment referendum to be held on 13 July 1992. However, a week prior to that date, Ibedul Yutaka Gibbons, the Senate, and others, filed suit challenging the authority of the president to take such action. On 9 July Acting Chief Justice Arthur Ngirakl-song issued his decision supporting the plaintiffs. The 13 July referendum could not be held. The judge ruled that President Etpison's executive order "unconstitutionally usurps the OEK's power to enact enabling legislation which establishes the procedures for a referendum pursuant to Article 14 of the Constitution." Further, the judge ruled that the constitutional right to amend the supreme law of the land via popular initiative is not self-executing, but requires action of the national congress as a separate but equal body to the executive. In short, the president did not have the power to enact legislation by executive order.

The issue continued to brew for another month but without the violence and intimidation of a similar standoff during the furlough period in 1987. The Senate, hoping to get compact concessions from the United States, passed a referendum bill setting up procedures for a vote on 9 February 1993. The House responded with the date of 22 September, the date of the primary election. From the US side, Delegate Ron de Lugo and Representative George Miller (both Democrats) of the House Committee on Interior and Insular Affairs introduced legislation in

the US Congress calling for two changes in the compact: a reduction in the duration of the agreement from fifty to fifteen years and a provision that the United States identify specific land it requires for military purposes. With all thirty of the members of Belau's OEK standing for reelection in November 1992, the legislators felt the pressure of events and finally compromised on a referendum date of 4 November, the same date as Belau's national elections!

As noted, the thirty-two congressional, presidential, and vice presidential seats will be contested in 1992. For the first time since constitutional government began in Belau in 1981, the republic's electorate will participate in both primary and general elections. Only the executive posts will be contested in the primary on 22 September. After several experiences with minority chief executives gaining office with less than a majority—Haruo Remeliik and Alfonso Oiterong with 31 percent in 1980, Thomas Remengesau with 26 percent in 1985, and Ngiratkel Etpison with 26 percent in 1988—the OEK wrote a bill, establishing a primary election for the executive posts, which Mr Etpison signed into law in 1991.

Challenging Etpison, who is 66, are Vice President and Minister of Justice Kuniwo Nakamura, 48, and Attorney Johnson Toribiong, 45. Both younger men were members of the Palau Constitutional Convention and national congress. They are capable, bright, competitive, and have been campaigning hard to make it through the primary. Mr Etpison kicked off his campaign in December 1991 but does not have much to show for four years in

office except stability. That may not be enough against two ambitious, energetic opponents who are adept at discussing issues, and seasoned, skilled campaigners.

For the vice presidency, four candidates have emerged six weeks prior to the primary. Senator Minoru Ueki, 62; Senator Tommy Remengesau, Jr, 38; Governor Moses Uludong, 42; and, unexpectedly, Sandra Sumang Pierantozzi, 39, currently Belau's minister of administration in the Etpison government. All the men have considerable experience in running successful campaigns, and this puts Pierantozzi at a disadvantage. Further, Belauan voters have not traditionally supported women candidates because of the cultural notion that politics is men's business. However, Pierantozzi has a solid record of accomplishment in her ministerial work and as a member of the working group mentioned earlier. She was drafted by a group of women who, if they get organized, can have a major impact at the polls, particularly in the primary where a candidate would need about three thousand votes to get into the general election in November.

Congressional seats are actively coveted in Belau. Candidates will compete for the fourteen seats representing Koror (pop 10,501), Belau's largest island of Babeldaob and its only atoll, Kayangel (pop 3731), and the southern islands of Peleliu, Angaur, Tobi, and Sonsorol (pop 890). Incumbents in the House, on the other hand, will not face such intense competition as is evident in the Senate. Thirty-seven candidates have filed for the sixteen House seats, three of which will be uncontested. An interesting sidelight to these races is the

suit brought by several Koror senators challenging the plan of the 1992 Reapportionment Commission. The plan reduced the number of seats in the Senate from fourteen to thirteen, and rearranged the placement of those seats. Koror lost representation with a reduction from nine to seven seats, but Babeldaob gained one seat for a total of five. This new arrangement so angered the Koror senators that with the help of the speaker of the Koror State Legislature they petitioned the Belau Supreme Court. In July, Associate Justice Sutton ruled in favor of the petitioners, stating that the commission erred fundamentally "in giving voter registration too much weight by basing its plan on population and voter registration" (Civil Action no. 13-92). The incumbents were elated with the decision. Nevertheless, the issue of reapportionment is a very complicated one because Belau is a bunched island group where people are constantly moving. Babeldaob has nearly twice as many registered voters as residents, whereas Koror has three times more residents than voters. The commission considered this dynamic in recognition of both population and registered voters of the sixteen village complexes when devising their formula for reapportionment.

At the close of 1991, President Etpison again issued two pardon orders. He has been criticized for his lack of restraint in this area. The orders were for Paul Ueki and Tadashi Sakuma, who were convicted of the drive-by shooting into the home of former House Speaker Santos Olikong during the violent furlough period of 1987.

In February federal Judge John Gar-

rett dismissed the class-action lawsuit Ibedul Gibbons and others had filed on behalf of all Belauans against the US Department of Interior. Gibbons and others claimed the United States had not fulfilled many of its trusteeship obligations. The dismissal was issued because the plaintiffs lost their attorney and did not find another. The suit was big news in Belau, but was designed to give the Ibedul and his supporters media coverage, and as a mild challenge to secretarial order 3142, which many political leaders claim is inhibitory.

The Palau Supreme Court lost two justices in 1992. Chief Justice Mamoru Nakamura, 52, died of a heart attack in April. He was appointed to his post soon after constitutional government began in 1981, and was highly respected for his careful, calm approach. During the chaotic furlough period of 1987, Nakamura was physically threatened. However, he preserved the integrity of the judiciary and did not bend to political pressure or ugly threats. Judge Nakamura was buried on Peleliu, the island of his birth.

Associate Justice Fredrick O'Brien resigned in early August. He was the subject of a congressional investigation and impeachment proceedings. The legislators were very concerned about the judge's extramarital indiscretions, and after agonizing for two weeks the House decided to end the investigation because they could discover no constitutional grounds for impeachment. Koror's traditional leaders, Ibedul and Bilung were unhappy with a recent land decision by O'Brien and put considerable pressure on legislators who

had land leases granted by the Ibedul, causing a reversal of the House's earlier position. O'Brien ended the affair by graciously resigning.

Bedor Bins was murdered during the violence of the 1987 furlough period. No serious action was taken on the case until after the 1991 investigation of police practices by a joint congressional committee and the employment of a special prosecutor, David Webster. Webster worked assembling evidence but did not have a witness who was personally involved in the conspiracy. As a result, the four men charged with the crime were acquitted on the basis of insufficient evidence.

The first substantial information concerning the 1985 assassination of Haruo Remeliik, the former president of Belau, came with the arrest of John O. Ngiraked, 58, his wife, Emerita Kerradel, Patrick Remarii, and Sulial Heinrick (*Pacific Daily News*, 21 March 1992). In an affidavit filed in the Belau Supreme Court, Remarii confessed that he shot and killed Remeliik in the driveway of Remeliik's home on 30 June 1985, and that Sulial Heinrick assisted him; also that Ngiraked, his wife, and the late Heinrich Ngewakl, stepfather of Sulial, hired the two men to carry out the killing. Ngiraked is from one of Belau's two elite clans and has been prominent in political affairs since the 1960s. He ran unsuccessfully for the presidency of Belau in 1980 and 1988, and served as minister of state in the government of the late President Lazarus Salii. Ngiraked acknowledged his involvement in the three months of violence in 1987, and informed sources in Belau state that he was involved in the 1970 attempted assassination of

Roman Tmetuchl, Ngiraked's political rival for a senate seat in the then Congress of Micronesia. In 1984, prior to Remeliik's reelection, Ngiraked declared that Remeliik's government was one of despair and emptiness and called on the president to resign. Judge Loren Sutton set bail for Ngiraked and his wife at \$25,000 each and ordered the couple to surrender their travel documents and be placed under house arrest. Remarii and Heinrick were already in prison for convictions unrelated to the Remeliik assassination. Special Prosecutor David Webster will take the case to trial in November 1992 but, as in the Bedor Bins case, the veracity of the evidence will be the key element in this sensational case.

The United Nations dispatched a visiting mission to Belau in March 1992 to obtain firsthand information concerning political, economic, and social developments in the world's last trust territory. The mission concluded that many Palauans want resolution of the political status issue as soon as possible and expressed hope that the political status impasse could be resolved speedily "so that the Trusteeship Council and Security Council can proceed to the termination of Palau's Trusteeship status, which is now something of an anachronism" (*Report of the U.N. Visiting Mission to Palau*, p 31).

The mission heard complaints about Secretarial Order 3142 because Palauans viewed it as a "step backward and a limitation on their political status under the 1979 Constitution" (*Report*, p 31). The mission adeptly side-stepped this issue by providing several pieces of good advice to Belau's government and noting that the order would become

obsolete once the status issue is resolved.

The mission was not impressed by Belau's economic situation. It concluded that the national master plan being prepared could be a guide for development, but that possibilities for small-scale rural development projects should not be held up by the approval process. The mission had serious concerns about the debt national and state governments had incurred for capital improvement projects. It recommended greater emphasis on career training for the tourist sector and that a high priority be given to maximizing future revenue from fisheries. Finally, the mission strongly recommended that Belau officials pay close attention to sound non-debt-creating investment in future development projects.

The United Nations visitors noted progress in health care, prison conditions, and the campaign against illegal drugs. They urged the United States to assist Belau in dealing with the long-standing problems of illegal fishing, the survey of land, and adjudication of land claims and disputes. The 1992 trip will likely be the last time the United Nations sends a visiting mission to Belau.

DONALD SHUSTER

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

Throughout the year 1991-92 there was a running battle over the authority of the inspector general of the Department of the Interior to audit CNMI income- tax collection. The inspector general claimed to have a mandate

from the US Congress to audit all insular territories, whereas the CNMI claimed that the covenant gives federal authorities no jurisdiction over purely internal matters.

Late in 1991 the inspector general issued a subpoena for the tax records, but Governor Guerrero swore he would go to jail rather than violate his mandate to maintain self-government. In June 1992 the Federal District Court on Saipan was charged with settling the issue of jurisdiction. Although the inspector general's actions are widely viewed as challenging CNMI's self-governing status, most local authorities privately admit that the inspector general does have the necessary legal authority. Ways of removing that authority are being investigated in the context of the ongoing "902" discussions.

Other federal regulatory agencies, such as the Occupational Safety and Health Administration (OSHA) and the Fair Labor and Standards Administration (FLSA), took an interest in the local construction and garment industries during the year. Their inspections resulted in millions of dollars in fines for nonpayment of minimum wages and overtime, substandard living conditions, unsafe working conditions, and a variety of other violations of federal law.

The extensive negative publicity in the United States over the alleged mistreatment of garment workers has threatened the commonwealth's Headnote 3A (duty-free) access to US markets. On 2 June 1992 thirty-four congressmen (mostly from southern garment manufacturing states) wrote to Congressman Ron de Lugo request-

ing a hearing into the matter, and raised the possibility of prohibiting the use of "Made in USA" labels on garments manufactured in CNMI. Critics contend that the garment factories are foreign owned and staffed, and that the extremely favorable access provision in the covenant was not meant to provide jobs for aliens. Some five thousand people, most from mainland China and Thailand, work in the garment industry.

In late June some Thai garment workers filed suit for back wages covering the time that they were required to be in their barracks after working hours, and a group of female bar workers filed a similar suit alleging nonpayment of contract wages and overtime. Hearings scheduled for late July 1992 in Washington, DC, could result in federal control of immigration, as well as the imposition of the US minimum wage of US\$4.35 per hour to replace the present rate of US\$2.15, from which construction workers, farmers, fishers, and domestic workers are exempt. The potential impact of these measures on CNMI's economy and social structure is enormous.

The release of the 1990 census figures was one of the most significant events of the year. The census revealed that the indigenous population now represents only about one third of the total resident population, and that Filipinos constitute the single largest group (Table 1).

The issue of casinos on Tinian reared its head again in 1991-92. One company, ASA of Japan, had its license application rejected on the grounds of alleged connections with the Yakuza and financial questions. A court deci-

Table 1. Ethnic Origins

Filipino	14,160
Chamorro	12,555
Chinese	2,881
Koreans	2,571
Carolinians	2,348
Chamorro of mixed parentage	1,639
Palauans	1,620
Chuukese	1,063
Other Asians	936
Caucasians	875
Japanese	784
Carolinians of mixed parentage	639
Pohnpeians	522
Other Pacific Islanders	197
Yapese	152
Marshallese	92
Black	24
Kosraean	17
All others	270
TOTAL	43,345

Source: 1990 *Census of Population and Housing*: CNMI, 1992. Washington, DC: USGPO, p 20.

sion resolved a conflict between the commonwealth government and the Tinian Gaming Commission over primacy of law, clearing the way for the issuance of conditional licenses. It is expected that the first casino license will be issued before the end of 1992.

Increased drug trafficking, particularly of crystal methamphetamine, became a major problem for the com-

monwealth during the period under review. The "ice" comes mainly from the Philippines, resulting in intensive scrutiny of all flights originating in Manila. However, legitimate tourists and business travelers from the Philippines have complained about their treatment at the airport, and the Philippines Consulate in Saipan has threatened retaliation at Manila airport.

In May 1992, in spite of appeals for leniency from the governor, the bishop, and the local college president, Judge Alex Munson ordered that Oscar and Ponciana Rasa begin three-year sentences in federal prison. In 1988 the brothers, one a former Speaker of the House and the other a former President of the Senate, had pled *nolo contendere* to charges of wire fraud in connection with the award of a contract for construction of the new hospital. Their efforts to beat the charges finally failed when the US Supreme Court refused to hear their appeal. The third individual convicted in the case, former chairman of the Saipan Gambling Commission Leo Pangilinan, had earlier begun serving his five-year sentence. These are the first relatively highly placed individuals to be successfully prosecuted for corruption in the commonwealth.

Several independent candidates performed well in the November 1991 elections. One of the leaders of the June 1991 "job action" that won higher salaries for government employees, Jesus Mafnas, defied all odds and won a seat in the House of Representatives. However, his bid for the speakership was unsuccessful. This was the first time an independent candidate had defeated candidates from both official parties.

The Marianas Public Land Corpo-

ration continued to stir up controversy in its leasing of public land. One lease to a developer included land used for the Boy Scout camp, which had to be relocated to a less desirable site. However, the corporation did undertake not to lease further land for golf courses. Legislative efforts to dissolve the corporation have so far been unsuccessful.

The CNMI Supreme Court determined that land purchases by the local agents of outside developers (who then lease the land to the developer) was a violation of Article XII of the CNMI constitution, which prohibits the alienation of land to persons of non-Northern Marianas descent. The decision nullified many existing lease arrangements, and deprived some hotel owners and private citizens of their property. It also created the impression in Japan that the Northern Marianas was an unsafe place to invest because the rules could change at any time. The CNMI government countered by saying that there is no problem if the developers deal directly with the landowners. The Article XII issue remains controversial, and is believed to have contributed to the decline in major development projects started in the last year or so.

After a lackluster beginning in 1991, the "902" talks resulted in some positive movement in May 1992. During a round of discussions in New Mexico, the new permanent US representative to the talks, Lou Gallegos, and CNMI representative Lieutenant Governor Benjamin Mangloña agreed to establish a study group to define some controversial terms used in the covenant. These include sovereignty—Is there such a thing as "internal sovereignty"?

—and self-government—Can the federal government intervene in purely local matters? The CNMI team has been appointed but the composition of the US group has yet to be announced. A final report is due by August 1992.

The "702" talks were far less fruitful. Over several meetings between Mangloña and Assistant Secretary of the Interior Stella Guerra, the United States has gradually reduced its offer for the third seven-year financial support package. Mangloña originally asked for about US\$500 million over the period, and Guerra countered with an offer of about \$150 million. She contended that the CNMI is doing very well economically and should be carrying more of the burden.

On 30 September 1991 the Trust Territory Office of Transition on Capitol Hill on Saipan closed its doors for the last time, marking the end of a Trust Territory Headquarters presence of nearly thirty years. All remaining functions of that office were transferred to the Trust Territory Office in Palau, the world's last Trust Territory.

SAMUEL F. MCPHETRES

MARSHALL ISLANDS

After a dozen years of self-rule, the Republic of the Marshall Islands has come face-to-face with the business of being independent. In the period under review, the Marshalls experienced the first open political discord after the formation of the only opposition party, became a member of the United Nations and several key international financial institutions, suffered the first substantial cutbacks in American

financial aid after thirty years of Washington's largesse, and found that most of its economic potential had yet to be realized.

Three national parliamentary elections were held between the establishment of constitutional government in 1979 and 1991. But the campaign leading up to the November 1991 election was unprecedented. Long before he was elected president, Amata Kabua was the leading political figure, not least because of his traditional role as a paramount chief. Two events fueled the formation in mid-1991 of the opposition Ralik Ratak Democratic Party (RRDP), the first organized and open challenge to President Kabua.

The first event was the removal of Chief Justice of the High Court Philip Bird by resolution of the Nitijela (parliament). This was precipitated by the speed with which Bird moved a chiefly title dispute toward a trial showdown. The case directly involved the president and his family, and centered on the question of which paramount chief would control Kwajalein, site of a multibillion-dollar US missile-testing range that yields several million dollars in rent every year. When the *Marshall Islands Journal*, the only independent newspaper, reported the events in detail and sharply criticized parliament's action, the government retorted by banning any government printing at the newspaper's parent print company. It was the first overt action the avowedly probusiness government had taken against any local business. Government printing business was restored some months later, but the point did not go unnoticed in the business community.

Among the founders of the RRDP were Tony deBrum, longtime spokesman and chief strategist for President Kabua, and a former cabinet member; Ramsey Reimers, the chief executive officer of Robert Reimers Enterprises, the largest business in the Marshalls; John Silk, a trial assistant in private practice; and Alik Alik, the government's former chief public defender.

The campaign was an acrimonious and mudslinging affair. Opposition candidates challenged the incumbents for being corrupt and out of touch with the needs of the country. Many government party members, astonished at the vociferousness of the criticism, were slow to react. But as it became evident that the opposition party aroused a certain latent discontent in the community, incumbents began their own assault on the challengers. Big rallies for each of the two parties highlighted the later days of the election campaign; some feared that emotions were running so high that the remarkably quiet community of Majuro could turn violent. However, leaders on both sides kept their followers under control.

It took a month to hand-count the twenty thousand ballots cast throughout some one hundred inhabited islands in the Marshalls. Although early in the counting many incumbents trailed by substantial margins, in the end only two avowed RRDP members—deBrum and Alik—were successful. Several other newly elected members were regarded by the majority party as RRDP sympathizers.

As the 33-seat Nitijela opened in January for a new four-year term, it quickly became clear that the election campaign was still a major issue,

despite the government's overwhelming majority. Government party leaders lashed out at the RRD, criticizing them for attempting to take their seats and for openly challenging the government. Alik and deBrum in turn waged a two-man attack on government policies during the session, although deBrum—in what was seen as a welcome gesture of reconciliation—complimented Kabua when he announced a doubling of copra prices to aid the remote outer Islanders.

The *Journal*, reporting on some of the political rhetoric at the Nitijela during February and March 1992, again came under attack from the floor by prominent government party leaders. The Nitijela adjourned in late March until its next regular session in August. The tension in the community, sustained from the campaign period by these uncharacteristically vitriolic speeches, ebbed somewhat as the session ended, but the 1991 election campaign has forever changed the political environment in the Marshall Islands.

As the 1991 election campaign was moving into full swing in September, the Marshalls was admitted to the United Nations. Until UN membership was granted, the Marshalls had struggled with its poorly understood status as a quasi-independent state. In fact, while the Compact of Free Association gives the United States veto power over any foreign affairs action in conflict with American military interests, this has not been exercised in the first six years of the fifteen-year treaty. The Marshalls has gained control over its affairs and operated independently.

In the early part of 1992, the Marshalls added the World Bank and

the International Monetary Fund (IMF) to a growing list of international agency memberships. The government views these organizations, along with the Asian Development Bank (ADB), as key to changing the financial future of the country.

Finance Minister Ruben Zackhras commented on the dilemma facing the country: "Under US assistance what has developed here is a dependency 'par excellence'. Even more damaging is the sad situation of the dependency of the mind—the feeling that we cannot do things for ourselves and that someone else has to do things for us—which has taken root over the past forty years." However, with appropriate assistance from the ADB, World Bank, and IMF, "we can gradually break out of this dependency situation" (*Marshall Islands Journal*, 12 June 1992, 1).

The Marshalls experienced its first major funding cutbacks with the beginning of the second five-year period of the compact. Beginning in late 1991, the budgets for health and education programs, among others, were cut across the board. This came at a critical time, particularly for public education, which has been on the verge of collapse for some years. In 1989 the government requested a review of the system by an independent educational agency. However, implementation of the resulting ten-year master plan to revamp the entire school system has been slowed by staff and funding constraints.

The health system continues to confront a problem of preventable "lifestyle" illnesses, the most prominent of which is malnutrition. Community

awareness of the problem has been high since a joint UNICEF–Marshall Islands study in 1991 reported that 70 percent of the children were poorly nourished. The Ministry of Health has a range of active prevention programs but, like education, now faces substantial funding cutbacks.

Meanwhile, the government is attempting to get the long-stalled economy into gear. It has placed its hopes and its money on the development of a viable tuna export industry. Air Marshall Islands launched a jet service to Hawai'i in January 1990. It lost US\$7 million in 1991, but this was a significant improvement over 1990. The fisheries operation has been unable to attract the number of longline fishing vessels needed to fill the cargo holds of the DC8 that at one time flew four weekly flights to Honolulu. However, a Honolulu business group is confident that the export operation will live up to its potential and has already sunk about US\$2 million into ice-making and related shoreside equipment for the tuna facility.

A joint venture tuna cannery with Z Fishing Company of Guam is also being contemplated for Majuro, following the signing of a letter of intent in mid-March. The major constraint for a cannery is the lack of fresh water. During the five months from January through the end of May 1992, Majuro experienced its worst drought in ten years. Barely an inch of rain fell during that time, and city water was tightly rationed to several hours every third day—not the best environment for a water-intensive tuna-canning industry. The government moved with dispatch to purchase from Israel a multimillion-dollar desalination plant (similar to the

one located on Ebeye Island, the other urban center in the Marshalls) that is expected to be in operation by early 1994.

The Marshalls is now facing many of the tough decisions that its neighbors to the south were confronted with at independence. Though the financing from the United States puts the Marshalls well ahead of most Pacific islands on a per capita basis, the aid has yet to translate into sustained development.

GIFF JOHNSON

NAURU

Nauru will face considerable difficulties when the economic life of phosphate is exhausted, leaving a financial void once kept replete by this stable and dependable source of income. The government is taking steps to adjust present methods of economic, financial, and social management to prepare for the post-phosphate economy.

In his national address marking the twenty-fourth anniversary of independence on 31 January 1992, President Dowiyogo stated that the government was investigating alternatives for Nauru that would avoid wasteful expenditures and achieve maximum benefits for the Nauruan community. He reported that both the Nauru Phosphate Royalty Trust (NPRT) and the Nauruan Landowners Royalty Trust Fund (Ronwan) had yielded modest increases in 1990–91 despite the prevailing economic climate. NPRT was valued at A\$1255 million, while Ronwan had generated a net income of A\$14.5 million. Additional income had come from the successful sellout of

condominium and penthouse units in stage one of the Nauru Tower development in Honolulu. In September 1991 Nauru became the fifty-second member of the Asian Development Bank, which will allow Nauru to share fully in the bank's regional programs and should allow access to funds for fundamental tasks such as the rehabilitation of mined phosphate lands. A favorable outcome of the rehabilitation court case before the International Court of Justice will also relieve Nauru of a substantial financial burden in the future.

According to President Dowiyogo, Nauru will withdraw from two joint ventures, Paradeep Phosphate Ltd (India) and Philippos (Philippines), releasing a significant sum of money for NPRT to invest more profitably. Closer to home, the government intends to take a 30 percent equity in Australia Nauru Shipping Line, a new line that will keep Nauru supplied with consumer goods every thirty-to-forty days. The government expects to participate less in economic enterprise, and to promote more private sector activity. At the same time, the government is instituting a price surveillance body to ensure reasonable costs to consumers.

Local administration has not escaped government scrutiny. The Nauru Local Government Council (NLGC) was effectively divested of all powers and functions by the Nauru Local Government Council Dissolution Act 1992, certified on 2 March. This elected body was supplanted by an interim Nauru Council, consisting of Cabinet with the president as minister in charge. Another institution, the Nauru Island Council, established by the Nauru Island Council Act 1992,

certified on 20 March, became the new local government apparatus.

The NLGC was abolished primarily to arrest its financial activities in Nauru and overseas. With the present economic climate and the impending end of primary phosphate mining, NLGC and government aspirations were in conflict. In particular, the NLGC's spiraling debts threatened to become a cumbersome legacy for the people of Nauru faced with cessation of mining revenue and very limited nonphosphate resource options. Accumulated debt is conservatively estimated to represent between A\$60,000 and A\$90,000 for each and every Nauruan man, woman, and child. Moreover, in 1990 the NLGC was purported to be in debt to the Republic of Nauru Finance (Ronfin) to the amount of A\$220 million. With interest accumulated over the last two years, the amount now stands at A\$280 million. As the Nauru Council, Cabinet will continue to operate the NLGC network until its affairs are reconciled with government objectives, or further legislation is enacted.

The NLGC controls an extensive network of activities. On the commercial side, it operates the Nauru Corporation, which runs the Nauru Corporation Supermarket and acts as buying agent for the government, manages Nauru Air and Shipping Agency and Nauru Pacific Line, Nauru Fishing Corporation, Nauru Insurance Corporation, Meneng Hotel, Nauru Corporation Motors and Garage, and various overseas investments and real estate ventures. In local administration, it is involved in such activities as a social service scheme, a district constabulary, plant tending, garbage collection, livestock control, housing, and land plan-

ning. As well, it administers activities associated with land ownership. For example, it determines citizenship, considers marriage compatibility and postmarital rights according to traditional norms, distributes phosphate landowners' royalty payments, and oversees land rights and ownership through the Nauru Lands Committee.

The bulk of funding for NLGC activities comes from two main funds vested in it: the Nauru Royalty Fund, used for purposes authorized by the Nauru Local Government Council Ordinance; and the Nauru Development Fund, used for promoting the economic development of Nauru. Both funds receive statutory payments directly from phosphate revenues.

There are historical reasons for the extraordinary powers vested in the NLGC. In the early 1950s the NLGC replaced the Council of Chiefs, a largely hereditary body with no powers, and became the driving force for local self-government and independence. The struggle for political independence, achieved in early 1968, was underpinned by the desire to control phosphate, Nauru's single, yet very valuable economic resource. Economic independence followed two years after independence, when the partner governments (Australia, Great Britain, and New Zealand) handed over control of the phosphate industry to the Nauruans for A\$21 million. The very extensive powers of the NLGC are now seen as anachronistic and a hindrance to government efforts to prepare for the post-phosphate future.

The Nauru Island Council (NIC) is charged with dual objectives: to "rejuvenate" local government by concen-

trating on activities "more relevant to Nauruans and to bring positive meaningful improvements in the lives of Nauruans"; and to "ensure that [the] serious shortcomings of the old Council are not repeated for the sake of [the] nation."

Unlike the NLGC, the NIC has very limited powers. It will advise the government on local matters and is bound to concentrate its efforts on local activities: "to be involved far more closely and effectively than in the past with such matters as Nauruan culture, district cleanliness, water conservation and the control of animals." It is not authorized to carry out any activity outside Nauru, nor to engage in business. It is further required to submit an annual budget to parliament. An elected member of the NIC cannot simultaneously be a member of parliament. In general, and in contrast to the NLGC, the NIC is devoid of a traditional stronghold, bereft of infrastructure, and lacks the capacity for autonomous economic activity.

Despite the public furore triggered by the dissolution of the NLGC, the results of the first NIC general elections held on 2 May 1992 indicate that local confidence has not been materially impaired. There was an increase of 5.8 percent in the total number of registered voters, compared to those registered for the eleventh and final general elections for the NLGC, held on 16 November 1991. Seventy percent of the voting population participated, an increase of 20 percent. Overall, there was an increase of 17 percent in formal votes cast.

A civil action filed by the NLGC on 3 March 1992 seeking a declaration that

the NLGC Dissolution Act is unconstitutional is set for hearing at the next Supreme Court session in mid-1992. Meanwhile, an application for an interim injunction restraining Cabinet and the secretary for justice from seeking to enforce or implement the NLGC Dissolution Act "until the hearing of the action or until further order" was dismissed by Chief Justice Sir Gaven Donne on 22 March following three days of hearings.

The NLGC contended that the transfer of its assets (to Nauru Council) deprived the NLGC of property and permitted the abolition of the Nauru Lands Committee, thus interfering with certain rights and freedoms guaranteed to Nauruans under Article 3 of the constitution. However, the court decided that the parliament had acted in good faith when it entrusted cabinet with the powers and functions of the NLGC, and concluded that "to halt the NLGC Dissolution Act in the interim could not serve the public interest." The court stated that "there is no reason to believe that Cabinet will administer the property in any worse way than the Council."

JULIE OLSSON

KIRIBATI

The newly elected president (or *Beretitenti*), the Honorable Teatao Teannaki, was sworn in on 3 June 1991. The new government was formed on the basis of party politics, and to maintain regional and religious equilibrium. The stalwart members of the National Progressive Party were retained in the new Cabinet, with the important portfolios of

vice president for Finance and for Economic Planning assigned to Taomati Iuta. Members of the Protestant church from the southern island constituencies, Boanareke Boanareke (Tamana), Inatoa Tebania (Onotoa), and Tiwau Awira were appointed ministers. The central islands are represented in the government by the members from Abemama and Maiana, both of whom are Catholics. Representing the northern Gilbert Islands are the members from Betio, North Tarawa, and Makin, as well as the *Beretitenti* himself, who is from Abaiang. All these members are Catholics, with the exception of the member for North Tarawa.

The new members of parliament from the southern islands of Onotoa and Tabiteuea North were probably appointed ministers because of their support for the new president. Binata Tetaeka, from Makin in the north, has always been a strong supporter of the National Progressive Party, and therefore deserving of a ministerial appointment, in spite of the president's electoral defeat in his constituency. The nonappointment of the members from Butaritari and Marakei was due to the low level of support for the incumbent political executive among voters there. The member for North Tarawa, Baitika Toum, probably cemented his ministerial claim on his reputation as a supporter of the ruling party. Remuera Tateraka and Anterea Kaitaake, from Maiana and Abemama respectively, were appointed ministers to boost the numbers on the government's side, as well as to provide for ministerial representation from the Central Islands.

The first meeting of the Maneaba ni Maungatabu did not take place until

December 1991, in spite of the pressing need for the government to appropriate more public funds. Urgent issues to be addressed included the closure of Te Mautari Limited, the national fisheries company; the laying off of some of the staff in the Tungaru Central Hospital and in certain ministries; the reporting of alleged maltreatment of patients at the Tungaru Central Hospital; and the eviction of overcrowded landowners from their lands on urban South Tarawa, land that had been declared water reserves.

The government's policy statement generally resembled that of the outgoing Tabai government, and contained neither new ideas nor vision. It made the usual reference to financial prudence and conservative management of the reserve funds, but offered no real plan to raise the standard of living or to deal with the steadily declining per capita income of the I-Kiribati. The emphasis is still on rural development, with scant attention given to urban problems of overcrowding, poor sanitation, unemployment, crime, overstrained services, and lack of support for effective municipal administration.

The government's development program highlighted the development of marine resources, particularly through the resuscitation of the ailing Te Mautari Limited, and feasibility studies to develop the Line Islands for resettlement and tourism were carried over from the Tabai government. The resumption of the expensive air service from Tarawa to Honolulu via Kiritimati, and the upgrading of the Bonriki International Airport, funded from a controversial US\$7 million grant from

the People's Republic of China, are geared toward improving the tourist trade.

The introduction of the 1992 budget provided the opportunity for the new government to review the level of taxation on employees and the business community, and to announce salary increases in the public service. The rate of personal income tax was fixed at 35 percent for all employees, with a tax rebate of 25 percent for low income earners.

Petitions relating to the Tabiteuea North election were heard in the High Court, and resulted in the disqualification of a government minister and subsequently of his wife who succeeded him as member of parliament. Minister of Works and Energy Teaiwa Tenieu was found guilty of bribery because he gave gifts of tobacco to the *unimane* 'old men' during his campaign visits to the village *maneabas* and to the Island Council. The defense lawyer argued that in Kiribati custom, the tobacco gift is an accepted symbol of respect and the paying of homage (*mweaka*) to the spirits and people of the village. Nevertheless, the court ruled that the presentation of tobacco and the provision of transport for electors on election day constituted violations of the Election Act.

Tamwi Naotarai, from Betio, replaced the disqualified Teaiwa Tenieu as minister for Works and Energy. Tamwi was a member of the opposition, and his recruitment to ministerial ranks served to increase the numbers on the government's side.

The by-election for the vacant Tabiteuea North seat was won by the wife of the former member, Nei Koriri

Tenieu. The election of a young Tarawa woman in a predominantly male-controlled community was a pleasant surprise to the nation, but it was a strong reflection of Kiribati culture and a rebuttal of the High Court's judgment. The Tabiteuea people, renowned for their pride, were offended that the High Court saw the giving of tobacco to their old men as a form of bribery rather than as a *mweaka*. However, another election petition brought similar charges against Nei Koriri to those made against her husband. The High Court again ruled in favor of the petition, and Nei Koriri Teaiwa was disqualified. Another by-election is now pending for the North Tabiteuea seat.

The formation of a new political party, Te Maneaba Party, ensured that the ruling party has to battle for its security. Following a series of discussions among leading members of opposition factions in parliament (Reitani Kiribati, Te Waaki ae Boou, and Eriko), it was agreed that the only feasible way to topple the National Progressive Party from power was to form a single party. Decisions and debates within the Maneaba Party will be carried out in Kiribati style. Its leader will be chosen by secret ballot before the end of 1992, and will be the Maneaba Party presidential candidate for the next general elections.

Notable features of the May 1992 meeting of the Maneaba ni Maungatabu were the passing of a number of private members' bills and the relative absence of the government's business. The Litter Bill and the Income Tax Amendment Bill moved by Roniti Teiwaki attracted considerable interest

and debate. The two bills were opposed by the government, but in a division on each bill the majority of members voted in favor of them both. The Litter Bill is an attempt to provide for the proper management and control of litter in public places, and makes the throwing of litter in a public place an offense. The Income Tax Amendment Bill proposes to exempt from taxation the income of cooperative societies, as well as allowances such as pension payments, and housing and entertainment allowances for businesses.

The controversial loan from the People's Republic of China to upgrade the Bonriki International Airport was hotly debated, but the government managed to secure a favorable vote in the end. The Maneaba Party opposed the project as being too expensive and badly timed, and more beneficial to the Chinese people than to the I-Kiribati. The government argued that an airport of international standard is essential for economic growth, as it will facilitate the arrival of bigger planes and generate more tourism.

The government had serious problems securing additional land to upgrade the Bonriki International Airport. Bonriki landowners have been very poorly compensated for the considerable amount of land already acquired for the airport and for water reserves. They would not agree to give more land to the government unless the government agreed to lease the water reserves, which cover about 75 percent of Bonriki village. The matter remained unresolved at the end of the period under review.

RONITI TEIWAKI